

MONTANA LEGISLATIVE HISTORY

Chapter 147 19 97

Bill H _____ S 666 Original bill & history X c

H. Committee on BUSINESS & LABOR

Hearing Date(s) 3/10 X c
of EXEC ACTION _____ c

_____ c

_____ c

_____ c

Date Out _____ c

S. Committee on LOCAL GOV'T

Hearing Date(s) 1/21 X c
of EXEC ACTION _____ c

_____ c

_____ c

_____ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

4/16 SIGNED BY GOVERNOR
CHAPTER NUMBER 275
EFFECTIVE DATE: 04/16/97

SB 64 INTRODUCED BY CRIPPEN LC0261 DRAFTER: KURTZ

ENHANCE THE PUBLIC SAFETY ON MONTANA ROADWAYS BY IMPOSING A
DAYTIME SPEED LIMIT ON FEDERAL-AID INTERSTATE AND OTHER
PUBLIC HIGHWAYS OF THE STATE

BY REQUEST OF GOVERNOR & DEPARTMENT OF JUSTICE

12/27	INTRODUCED		
1/02	FISCAL NOTE REQUESTED		
1/08	FIRST READING		
1/08	REFERRED TO HIGHWAYS & TRANSPORTATION		
1/09	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/16	REVISED FISCAL NOTE REQUESTED		
1/22	REVISED FISCAL NOTE RECEIVED		
1/22	REVISED FISCAL NOTE PRINTED		
1/30	HEARING		
2/10	COMMITTEE REPORT—BILL NOT PASSED AS AMENDED		
2/11	ADVERSE COMMITTEE REPORT ADOPTED	35	15
2/12	RECONSIDERED PREVIOUS ACTION AND PLACED ON 2ND READING	26	24
2/14	2ND READING DO PASS MOTION FAILED	8	41

SB 65 INTRODUCED BY DEVLIN LC0200 DRAFTER: MALY

REVISE HORSERACING LAWS
BY REQUEST OF DEPARTMENT OF COMMERCE

12/27	INTRODUCED		
1/02	FISCAL NOTE REQUESTED		
1/03	REFERRED TO BUSINESS & INDUSTRY		
1/06	FIRST READING		
1/07	FISCAL NOTE RECEIVED		
1/08	FISCAL NOTE PRINTED		
1/15	HEARING		
1/17	COMMITTEE REPORT—BILL PASSED		
1/18	2ND READING PASSED	39	2
1/20	3RD READING PASSED	45	4

	TRANSMITTED TO HOUSE		
1/21	FIRST READING		
1/21	REFERRED TO BUSINESS & LABOR		
1/28	HEARING		
1/29	COMMITTEE REPORT—BILL CONCURRED		
2/01	2ND READING CONCURRED	85	13
2/03	3RD READING CONCURRED	84	16

2/06 RETURNED TO SENATE
2/07 SIGNED BY PRESIDENT
2/07 SIGNED BY SPEAKER
2/07 TRANSMITTED TO GOVERNOR
2/11 SIGNED BY GOVERNOR
CHAPTER NUMBER 18
EFFECTIVE DATE: 02/11/97

SB 66 INTRODUCED BY BENEDICT LC0189 DRAFTER: HEFFELFINGER

CLARIFY THAT STATE AND LOCAL GOVERNMENT AGENCIES MAY
COOPERATIVELY PURCHASE BENEFIT SERVICES AND INSURANCE
PRODUCTS TO PROVIDE EMPLOYEE GROUP BENEFITS

BY REQUEST OF DEPARTMENT OF ADMINISTRATION

12/27	INTRODUCED		
1/02	FISCAL NOTE REQUESTED		
1/03	REFERRED TO LOCAL GOVERNMENT		
1/06	FIRST READING		
1/10	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/21	HEARING		
1/31	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/06	2ND READING PASSED	49	0
2/07	3RD READING PASSED	49	0

	TRANSMITTED TO HOUSE		
2/08	FIRST READING		
2/08	REFERRED TO BUSINESS & LABOR		
3/10	HEARING		
3/11	COMMITTEE REPORT—BILL CONCURRED		
3/14	2ND READING CONCURRED	97	2
3/15	3RD READING CONCURRED	96	2

RETURNED TO SENATE
3/19 SIGNED BY PRESIDENT
3/21 SIGNED BY SPEAKER
3/21 TRANSMITTED TO GOVERNOR
3/25 SIGNED BY GOVERNOR
CHAPTER NUMBER 147
EFFECTIVE DATE: 03/25/97

SB 67 INTRODUCED BY BENEDICT LC0085 DRAFTER: MCCLURE

REVISE WORKERS' COMPENSATION LAWS
BY REQUEST OF GOVERNOR

12/30	INTRODUCED		
1/02	FISCAL NOTE REQUESTED		
1/03	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
1/06	FIRST READING		
1/13	FISCAL NOTE RECEIVED		
1/14	FISCAL NOTE PRINTED		
1/28	HEARING		
2/15	HEARING		
2/18	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/20	2ND READING PASSED	45	5
2/21	3RD READING PASSED	44	6

	TRANSMITTED TO HOUSE		
2/22	FIRST READING		
2/22	REFERRED TO BUSINESS & LABOR		
3/10	HEARING		
3/13	REVISED FISCAL NOTE RECEIVED		
3/13	REVISED FISCAL NOTE PRINTED		
3/15	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/20	REVISED FISCAL NOTE REQUESTED		
3/25	2ND READING CONCURRED AS AMENDED	55	43
3/26	REVISED FISCAL NOTE RECEIVED		
3/26	REVISED FISCAL NOTE PRINTED		
3/27	3RD READING CONCURRED	60	39

SENATE BILL NO. 66

INTRODUCED BY BENEDICT

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT STATE AND LOCAL GOVERNMENT AGENCIES MAY COOPERATIVELY PURCHASE BENEFIT SERVICES AND INSURANCE PRODUCTS TO PROVIDE EMPLOYEE GROUP BENEFITS; SPECIFYING PROCEDURES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Cooperative purchasing of employee benefit services and insurance products -- procedures. (1) To provide employee group benefits, an agency, as defined in 2-18-601, may participate with other agencies, nonprofit organizations, or business entities and in voluntary disability insurance purchasing pools provided for under 33-22-1815 if the agency determines that cooperative purchasing is in the agency's best interest.

(2) Cooperative purchases under this section may be conducted according to purchasing procedures developed by the participating parties if, for contracts valued at \$20,000 a year or more, purchasing procedures, at a minimum, include:

- (a) public notice in three major Montana newspapers of requirements for submitting bids or offers;
- and
- (b) consideration of all submitted bids or offers.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 2, chapter 18, part 7, and the provisions of Title 2, chapter 18, part 7, apply to [section 1].

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0066, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

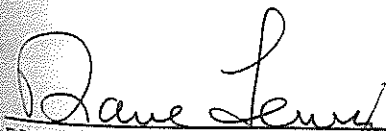
A bill clarifying that state and local government agencies may cooperatively purchase benefit services and insurance products to provide employee group benefits.

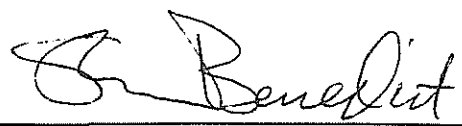
ASSUMPTIONS:

1. This bill will allow the Department of Administration to seek other medical insurance plans that meet the state's criteria, which may offer lower rates for their participants. It is assumed that the self-insurance pool would continue to operate, thus offering state employees an annual choice of benefits and rates.

FISCAL IMPACT:

If a new medical insurance plan were offered with attractive rates, and if a significant number of employees switched to the new plan, a reduction in employer insurance contributions could result. The timing and the amount of the reduction would be impossible to estimate with any accuracy. The state contribution for health insurance is projected to be \$31.7 million in fiscal year 1998.

 1-9-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1/10/97
STEVE BENEDICT, PRIMARY SPONSOR DATE

Fiscal Note for SB0066, as introduced

SB66

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By CHAIRMAN TOM BECK, on January 21, 1997, at
1:00 p.m., in Room 405.

ROLL CALL

Members Present:

Sen. Thomas A. "Tom" Beck, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Dorothy Eck (D)
Sen. Sharon Estrada (R)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Don Hargrove (R)
Sen. John "J.D." Lynch (D)
Sen. Walter L. McNutt (R)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Martha Colhoun, Legislative Services Division
Jodi Jones, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 66, SB 130, SB 138
Posted: January 13, 1997
Executive Action: SB 130 Do pass as amended
SB 37 Do pass as amended
SB 102 Tabled

HEARING ON SB 138

Sponsor: MIKE FOSTER, SD 20, Townsend

Proponents:

Leonard Wortman, Jefferson Co. Commissioner
Glenna Obie, Jefferson Co. Commissioners
Gordon Morris, Montana Association of Counties

Opponents: None

have been admitted to the practice of law prior to the date of taking office. He asked for a do pass of SB 138.

{Tape: 1; Side: A; Approx. Time Count: 1:13 p.m.; Comments: .}

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR J.D. LYNCH asked who wrote the present law. If a person gets out of law school and passes the bar exam is he competent to handle the job. SENATOR FRED VAN VALKENBURG said yes, they are competent, but the county attorneys who wrote the laws were trying to justify the salary that was going to be paid to a county attorney. The salary isn't something a county would want to pay someone directly out of law school.

SENATOR MIKE SPRAGUE asked how many counties are below 30,000 and have part and full time county attorneys. Gordon Morris said he did not have this information with him, but it could be provided. He estimated that 48 counties are under 30,000. He also estimated that 17 are part-time and 13 are full time.

SENATOR DON HARGROVE asked that if a county exceeds 30,000 in the future, do they have to comply under the laws of counties that are over 30,000. Gordon Morris stated this was true.

Closing by Sponsor:

SENATOR FOSTER closed on the bill.

{Tape: 1; Side: A; Approx. Time Count: 1:18 p.m.; Comments: .}

HEARING ON SB 66

Sponsor: SENATOR STEVE BENEDICT, SD 30, Hamilton

Proponents:

Joyce Brown, Department of Administration
Susan Good, MT Assoc. of Life Underwriters
Gordon Morris, MACo
Claudia Clifford, State Auditors Assoc.
Ellen Feaver, Anderson Zurmuehlen & Co. PC
Lance Melton, MT School Board Assoc.
Phil Campbell, MT Education Assoc.
Dave Evanson, MT University System
Gloria Paladichuk, Richland Economic Development
Alec Hansen, MT League of Cities
John Malee, MT Federation of Teachers

Opponents: None

Opening Statement by Sponsor:

SENATOR STEVE BENEDICT, SD 30, Hamilton, presented SB 66. He explained that in 1995, the legislature, passed HB 405 authorizing the formation of voluntary health care purchasing pools. This gave a voluntary market based approach to increase the small employer access to health insurance coverage for their employees. The Department of Administration has been working on having a voluntary health care purchasing pool. This piece of legislation will clarify that the state has the ability to enter into a purchasing pool.

Proponents' Testimony:

Joyce Brown, Department of Administration, spoke in favor of SB 66. She handed out amendments to the bill. See attached amendments: (EXHIBIT 2). See attached testimony: (EXHIBIT 3).

Susan Good, MT Assoc. of Life Underwriters, said they believe the individual should have more choice for health care and for increased savings.

Gordon Morris, MACo, said purchasing pools are an interest to local governments, counties and towns. And he urged passage of this bill.

Claudia Clifford, State Auditors Office, said that businesses didn't have any type of purchasing pool until about 6 months ago. This allows for businesses to attract more enrollers. A purchasing pool needs to have a 1000 lives before they can start up and this piece of legislation will make it easier for pools to be formed.

Ellen Feaver, Anderson Zurmuehlen & Co. PC, said they are one of the small business members that would like to do collective purchasing. The largest employers are government entities and this will provide the numbers for the purchasing pool and help the small businesses.

{Tape: 1; Side: A; Approx. Time Count: 1:26 p.m.; Comments: .}

Lance Melton, MT. School Board Assoc., said the schools are included under the statute 2-18-601. The amendments also cover school teachers and they recommend a do pass of SB 66.

Phil Campbell, MT Education Assoc., said health insurance for schools is a big issue and schools would like to pool for health insurance. He also stated the amendment would include teachers to be covered in this pool.

Dave Evanson, MT University System, said the university system is the second largest pool in the state and this legislation would help the university work with other units of government and the problems of providing health insurance.

Gloria Paladichuk, Richland Economic Development, said when she was county commissioner, it was difficult to choose every year the county health plan. Insurance premiums were rising and the county only contributed to employee premiums and did not cover their families. Many employees left these plans and went to others that covered their families. Therefore, this left a smaller pool. She said SB 66 would expand the pool and help the Montana tax payers.

Alec Hansen, MT League of Cities, said one of the hardest parts of adopting a municipal budget each year is deciding what to do with health care benefits for employees. Premiums continue to rise and budgets are decreasing. SB 66 opens the door to reduce health care cost and their organization is in support of the bill.

John Malee, Montana Federations of Teachers, said their organization would like to go on record of supporting the bill.

{Tape: 1; Side: A; Approx. Time Count: 1:31 p.m.; Comments: .}

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR FRED VAN VALKENBURG said the legislation that was passed in 1995 is unclear on whether public bodies have the authority to enter into agreements with private sectors entities. He asked if there was discussion about this in the 1995 legislation. SENATOR BENEDICT said that in 1995 they had a joint house committee that put 40 to 50 bills into a package dealing with health care benefits and insurance issues. This piece of legislation is a clean up bill as a result of the 1995 legislation.

SENATOR VAN VALKENBURG asked about the policy issues surrounding this piece of legislation. He used the example of the University System going to Buttery Foods and setting up a pool and insuring employees jointly. He used the example of how does the legislation answer to Albertsons if they come and say why is the state working out a deal to give Buttery's a competitive advantage with health care benefits. SENATOR BENEDICT said this would be an issue that could be discussed on the floor. The bill is basically a guide to get purchasing pools established.

SENATOR VAN VALKENBURG asked to what extent is appropriate for the government to enter into partnerships with private businesses that could provide a competitive advantage to those entities over their competitors. SENATOR BENEDICT said this would not exclude Albertsons from entering into a purchasing pool. Anyone can enter into a purchasing pool.

SENATOR VAN VALKENBURG said he thought someone would get excluded. Ms. Brown said the purchasing pool that is formed will be open to all employers and anyone can get in. She said under

the small employers availability act that all purchasing pools are open and they cannot prohibit anyone from entering the pool.

SENATOR SPRAGUE asked if the pools are set up collectively in the amount of numbers that each pool can have, can you keep adding to the pool vs. setting up individual pools of a thousand or more.

Ms. Brown said this is a voluntary purchasing pool and any purchasers who meet the minimum requirements can enter the pool.

Ms. Clifford said that the purchasing pool does have membership requirements but the criteria may not be based on claim experience, occupation, or health status. Pools must have a 1000 members before they can operate.

SENATOR SPRAGUE asked that if an employer had 500 people and another had 250 would they have to wait for the other 250 before being classified as a pool. He asked if this would vary in costs with the type of lots that were involved in the purchasing pools and would each of these lots have different types of risk factors depending on their job descriptions. Ms. Clifford the idea of the purchasing pool is to offer a plan at the same rates and not individually rate each group.

SENATOR LYNCH asked that under the old language you can't keep anyone out. But the new language says if the agency determines that cooperative purchasing is in the agencies best interest then their members will join, if not they will go somewhere else. Ms. Brown said this language simply allows the jurisdiction to decide what is in the best interest for its employers. They can go on their own if they choose to. The pool lets the individual decide what kind of plan they want and the rates that they can afford. There is no intent by the pool to take one plan but to take all plans that meet minimum requirements.

SENATOR ECK asked if there is the possibility of having competitive pools. Ms. Brown stated that legislation allows for multiple pools, but they are not profit entities, and are not competitive because of this.

CHAIRMAN BECK asked if pools can merge with pools. Ms. Brown stated yes.

CHAIRMAN BECK asked if you join a pool, can you get out of a pool. Ms. Brown said yes, but there are certain stipulations that if you get out you have to wait a period of time before getting back in.

CHAIRMAN BECK asked if there are obvious benefits of one pool over the other, that eventually there would only be one pool in the state of Montana. Ms. Brown said a lot of states only have one pool.

Closing by Sponsor:

SENATOR BENEDICT urged a do pass of SB 66 as amended.

{Tape: 1; Side: A; Approx. Time Count: 1:45 p.m.; Comments: .}

HEARING ON SB 130

Sponsor: SENATOR RIC HOLDEN, SD 1, Glendive

Proponents: James Glantz, Kalispell

Opponents: None

Opening Statement by Sponsor:

SENATOR RIC HOLDEN, SD 1, Glendive, presented SB 130. This is a bill that is part of the code commissioner bill that is before the Judiciary committee. Part of the bill was segregated off so that other committees could consider those parts of the bill. SB 130 is part of that bill.

Proponents' Testimony:

James Glantz, Kalispell, said currently his family is under litigation because they were not notified about a tax deed sale on property they own. The official newspaper of Flathead county put notification in the paper of the tax deed sale, however, his family never read this notice. They lost a \$30,000 piece of property, because it had back taxes of \$1300. Nonetheless, the land only sold for \$5000 and they lost considerable money on the property. Had they been given proper notice, the matter could of been dealt with appropriately. A reasonable notice to property owners would be more than fair. This would eliminate costly court fees and other problems.

{Tape: 1; Side: B; Approx. Time Count: 1:49 p.m.; Comments: .}

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR HARGROVE asked if actual notice is in legal terms. Greg Petesch, Code Commissioner, said, yes, actual notice is a legal term and requires either personal service or notice by mail to the property owner.

SENATOR GLASER wanted more information as to why legislative services thought this bill has merit. Mr. Petesch used the example of a man from Flathead Co. who lost his property in a tax deed proceedings and he challenged the adequacy of simply publishing the notice in the paper when his name and address was on the tax role itself. The Montana Supreme court ruled that since his name was on the tax role and known to the government that simply publishing the notice in the paper is inadequate and actual notice to the tax payer is required.

CHAIRMAN BECK said he didn't like the wording "reasonably" in the title of the bill. He would like to have it more specific. Mr. Petesch said that if a persons name is on the records of the government then they should inform the property owner of proceeding of that property.

Closing by Sponsor:

SENATOR HOLDEN closed.

{Tape: 1; Side: B; Approx. Time Count: 1:53 p.m.; Comments: .}

EXECUTIVE ACTION ON SB 130

Discussion:

SENATOR VAN VALKENBURG said the contents of SB 130 have been discussed before in taxation.

Motion/Vote:

SENATOR J.D. LYNCH MOVED SB 130 DO PASS. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 66

Amendments: See attached Amendments: (EXHIBIT 2).

Motion/Vote:

SENATOR LYNCH moved to pass THE AMENDMENTS. MOTION CARRIED UNANIMOUSLY.

Motion/Vote:

SENATOR LYNCH MOVED SB 66 DO PASS AS AMENDED.

Discussion:

SENATOR VAN VALKENBURG said he felt the bill should of gone to the Business and Industry committee because it is an insurance issue. He felt the vote should wait till the next meeting.

SENATOR LYNCH withdrew his motion.

EXECUTIVE ACTION ON SB 37

Discussion:

SENATOR LYNCH said his main point of SB 37 is that wherever it is not going to be a lock-down facility and the facility is primarily used for sex-offenders then there should be a vote of the governmental body or an election within the county. He explained the amendments see (EXHIBIT 4).

Amendments to Senate Bill No. 66
First Reading Copy

Requested by Sen. Benedict
For the Committee on

Prepared by Sheri Heffelfinger
January 15, 1997

SENATE LOCAL GOVERNMENT
EXHIBIT NO. 2
DATE 1-21-97
BILL NO. SB 66

1. Page 1.

Following: line 22

Insert: "(3) For purposes of this section, "employee" also means
a schoolteacher."

SENATE LOCAL GOVERNMENT
EXHIBIT NO. 2
DATE 1-21-97
BILL NO. SB 66

Testimony in favor of SB66
by the Department of Administration

BACKGROUND: The 1995 legislature passed HB405 (encoded as 33-22-1815) authorizing formation of voluntary health plan purchasing pools. This was one of a collection of bills which promote a voluntary, market-based approach to increasing small employer access to affordable health insurance coverage for their employees.

While HB405 was designed to permit small employers to exercise more (pooled) leverage in negotiating favorable health insurance rates, it also permits larger employers to participate in the pool. Purchasing pools have assisted both large and small employers in controlling health benefit costs, and the participation of larger employers is critical to purchasing pool formation. Typically only larger employers have the resources and can justify necessary expenditures for purchasing pool start up costs.

The Department of Administration, which administers the largest employer sponsored employee benefit plan in the state, has been actively working with other large Montana employers and associations of smaller employers to form a voluntary health plan purchasing pool under 33-22-1815 MCA. This is a private/public sector cooperative effort called Community Health Options with both private and public sector employers represented on the governing board and contributing start-up funds. This consortium has filed the only purchasing pool registration request and appears to offer the only hope for an operational purchasing pool. The pool is designed to include large and small; private and public sector employers.

Since 33-22-1815 MCA specifies that the voluntary health plan purchasing pool must be open to "any small employer" and may include "any large employer", it appears to encompass public sector employers. However, since state and local jurisdictions all have purchasing statutes and rules governing public purchasing which differ from each other and which do not specifically permit purchasing with private sector entities, it is unclear whether and how state and public jurisdictions may cooperatively purchase.

PURPOSE OF BILL: To clarify that the State and other public jurisdictions may cooperatively purchase services and insurance products for group employee health benefits including participating in a voluntary purchasing pool as provided by 33-22-1815 MCA, and to require purchasing procedures and set minimum requirements for purchasing procedures.

ADVANTAGES:

1. By providing clearer authorization for public jurisdictions to cooperatively purchase employee health benefit services and insurance products with each other and private sector employers and specifying procedures to be followed, the bill reduces the prospects for litigation and increases the prospects for governmental employers to participate in cooperative purchasing arrangements. Public participation has been critical to the formation of a voluntary purchasing pool.

2. An operational purchasing pool is expected to have the following advantages, not just for the State Employee Benefit Plan, but for other public and private sector employer plans:

a. It will permit collective negotiation of more favorable insurance rates.

Cooperative purchasing pools in other parts of the country have resulted in savings ranging from 3% to 30% depending on such factors as the size of the participating employer and the rate the employer had previously been able to negotiate on his or her own, and how competitive the insurance market is.

As a large employer purchaser in a relatively uncompetitive insurance market, the State and its employees who self-pay for dependent coverage can expect to fall into the low end of the savings range. But even at 3% savings, if 10% of State employees choose a cooperatively purchased plan, total health benefit costs projected to be \$42,000,000 in FY98 would be reduced by \$126,000 ($.10 \times \$42,000,000 \times .03$)

Small employers should save more which may encourage more small employers to offer health insurance benefits and reduce the amount of uninsured health costs which are shifted to insured patients.

b. Through consolidated demand for more cost effective health plans, it will encourage their formation.

c. It will create economies of scale by centralizing some administrative functions and, consequently, reduce administrative costs.

d. It will sensitize employees to health care value by allowing each employee to "spend" an employer-set contribution on the employee's choice of health plans offered by the purchasing pool which vary in price and quality (but not in benefits -- which would preclude direct comparison).

CONCERNS:

A possible concern could be inequitable purchasing practices by the purchasing pool. This is not an issue for the only existing purchasing pool because it is designed to offer all health plans which meet minimum qualifications and leave selection of a health plan to individual employees.

Minimum purchasing standards have been included in the bill to preclude abuse by either the existing pool or any which may be formed in the future.

SENATE LEGAL COUNSEL

Page 3

DATE 1-21-97

BILL NO. 66

MONTANA SENATE
1997 LEGISLATURE
LOCAL GOVERNMENT COMMITTEE

ROLL CALL

DATE _____

1-21-97

[illegible]

SEN:1997
wp.rollcall.man
CS-09

DATE 1-21-97
 SENATE COMMITTEE ON Local Government
 BILLS BEING HEARD TODAY: SB 66

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Clara Paladichuk	Richland Econ. Dev.	66	✓	
Ellen Feaver	Anderson Bus. Mktg. Co.	66	✓	
M. Susan Good	MAHU	66	✓	
Gordon Morris	MAA	66	✓	
LANCE MELTON	M.S.B.A.	66	X	
Alec Hansen	MLCT	66	X	
Phil Campbell	MEA	66	X	
Charles Clifford	State Auditor's	66	X	
John McAfee	M.F.T.	66	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & LABOR

Call to Order: By CHAIRMAN BRUCE SIMON, on March 10, 1997, at
8:00 AM, in Room 104.

ROLL CALL

Members Present:

Rep. Bruce T. Simon, Chairman (R)
Rep. Paul Sliter, Vice Chairman (Majority) (R)
Rep. Robert J. "Bob" Pavlovich, Vice Chairman (Minority) (D)
Rep. Joe Barnett (R)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Charles R. Devaney (R)
Rep. David Ewer (D)
Rep. Kim Gillan (D)
Rep. Billie Krenzler (D)
Rep. Bob Lawson (R)
Rep. Rod Marshall (R)
Rep. Gay Ann Masolo (R)
Rep. Carolyn M. Squires (D)
Rep. Jay Stovall (R)
Rep. Cliff Trexler (R)
Rep. Joe Tropila (D)
Rep. Carley Tuss (D)

Members Excused:

Members Absent: Rep. Wes Prouse (R)

Staff Present: Stephen Maly, Legislative Services Division
Pati O'Reilly, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 67; SB 41; SB 66; SB 233;
SB 309 (2/25/97)
Executive Action: SB 309; SB 66; SB 41; SB 164;
SB 61

HEARING ON SB 66

Opening Statement by Sponsor: Sen. Benedict, S. D. 30 introduced SB 66.

{Tape: 1; Side: 1; Approx. Time Count: 14.2; Comments: None.}

Proponents' Testimony: Joyce Brown, Dept. of Administration.

EXHIBIT 1.

{Tape: 1; Side: 1; Approx. Time Count: 15.5; Comments: None.}

Claudia Clifford, MT Insurance Div, Dept. of Administration.

{Tape: 1; Side: 1; Approx. Time Count: 17.0; Comments: None.}

Susan Good, MT Assn. of Life Underwriters and HEAL

{Tape: 1; Side: 1; Approx. Time Count: 18.0; Comments: None.}

Phil Campbell, MEA

{Tape: 1; Side: 2; Approx. Time Count: 19.8; Comments: None.}

Ellen Feavor, Anderson, etal accountants

{Tape: 1; Side: 1; Approx. Time Count: 20.4; Comments: None.}

Bob Worthington, MMIA

{Tape: 1; Side: 1; Approx. Time Count: 21.4; Comments: None.}

Opponents' Testimony:None

Questions From Committee Members and Responses:

{Tape: 1; Side: 1; Approx. Time Count: 22.0; Comments: None.}

Closing by Sponsor: Sen. Benedict closed. Rep. Ewer to carry.

{Tape: 1; Side: 1; Approx. Time Count: 28.0; Comments: None.}

HEARING ON SB 67

Opening Statement by Sponsor: Sen. Benedict, S. D. 30 introduced the bill.

{Tape: 1; Side: 2; Approx. Time Count: .01; Comments: None.}

Proponents' Testimony:

Carl Swanson, President of State Fund. EXHIBIT 2 AND 4

{Tape: 1; Side: 2; Approx. Time Count: 3.9; Comments: None.}

Mary Jo Fox, Governor's Office

{Tape: 1; Side: 2; Approx. Time Count: 16.9; Comments: None.}

Don Allen, Coalition for Workmen's Comp. Improvements

{Tape: 1; Side: 2; Approx. Time Count: 18.2; Comments: None.}

EXECUTIVE ACTION ON SB 66

Motion/Vote: Rep. Ewer moved do concur SB 66. Motion carried unanimously.

{Tape: 5; Side: 1; Approx. Time Count: 6.0; Comments: None.}

DEPARTMENT OF ADMINISTRATION
STATE PERSONNEL DIVISION

EXHIBIT 1

DATE 3/10/97

SB 666



MARC RACICOT, GOVERNOR

MITCHELL BUILDING, ROOM 130
PO BOX 200127

STATE OF MONTANA

(406) 444-3871

HELENA, MONTANA 59620-0127

Testimony in favor of SB66
by the Department of Administration
Joyce Brown, Chief Employee Benefits Bureau

BACKGROUND: The 1995 legislature passed HB405 (encoded as 33-22-1815) authorizing formation of voluntary health plan purchasing pools. This was one of a collection of bills which promote a voluntary, market-based approach to increasing small employer access to affordable health insurance coverage for their employees.

While HB405 was designed to permit small employers to exercise more (pooled) leverage in negotiating favorable health insurance rates, it also permits larger employers to participate in the pool. Purchasing pools have assisted both large and small employers in controlling health benefit costs. Typically only larger employers have the resources and can justify necessary expenditures for purchasing pool start up costs.

The Department of Administration, which administers the State employee benefit plan, has been actively working with other large Montana employers and associations of smaller employers to form a voluntary health plan purchasing pool under 33-22-1815 MCA. This is a private/public sector cooperative effort called Community Health Options with both private and public sector employers represented on the governing board and contributing start-up funds. This consortium has filed the only purchasing pool registration request and appears to offer the only hope for an operational purchasing pool. The pool is designed to include large and small; private and public sector employers.

Since 33-22-1815 MCA specifies that the voluntary health plan purchasing pool must be open to "any small employer" and may include "any large employer", it appears to encompass public sector employers. However, since state and local jurisdictions all have purchasing statutes and rules governing public purchasing which differ from each other and which do not specifically permit purchasing with private sector entities, it is unclear whether and how state and public jurisdictions may cooperatively purchase.

PURPOSE OF BILL: To clarify that the State and other public jurisdictions may cooperatively purchase services and insurance products for group employee health benefits including participating in a voluntary purchasing pool as provided by 33-22-1815 MCA, and to require purchasing procedures and set minimum requirements for purchasing procedures.

ADVANTAGES:

1. By providing clearer authorization for public jurisdictions to cooperatively purchase employee health benefit services and insurance products with each other and private sector employers and specifying procedures to be followed, the bill reduces the prospects for litigation and increases the prospects for governmental employers to participate in cooperative purchasing arrangements. Public participation has been critical to the formation of a voluntary purchasing pool.

2. An operational purchasing pool is expected to have the following advantages, not just for the State Employee Benefit Plan, but for other public and private sector employer plans:

a. It will permit collective negotiation of more favorable insurance rates.

Cooperative purchasing pools in other parts of the country have resulted in savings ranging from 3% to 30% depending on such factors as the size of the participating employer and the rate the employer had previously been able to negotiate on his or her own, and how competitive the insurance market is.

As a large employer purchaser in a relatively uncompetitive insurance market, the State and its employees who self-pay for dependent coverage can expect to fall into the low end of the savings range. But even at 3% savings, if 10% of State employees choose a cooperatively purchased plan, total health benefit costs projected to be \$42,000,000 in FY98 would be reduced by \$126,000 ($.10 \times \$42,000,000 \times .03$)

Small employers should save more which may encourage more small employers to offer health insurance benefits and reduce the amount of uninsured health costs which are shifted to insured patients.

b. Through consolidated demand for more cost effective health plans, it will encourage their formation.

c. It will create economies of scale by centralizing some administrative functions and, consequently, reduce administrative costs.

d. It will sensitize employees to health care value by allowing each employee to "spend" an employer-set contribution on the employee's choice of health plans offered by the purchasing pool which vary in price and quality (but not in benefits -- which would preclude direct comparison).

Minimum purchasing standards have been included in the bill to preclude unfair purchasing practices by either the existing pool or any which may be formed in the future.



HOUSE STANDING COMMITTEE REPORT

March 10, 1997

Page 1 of 1

Mr. Speaker: We, the committee on **Business and Labor** report that **Senate Bill 66** (third reading copy -- blue) be concurred in.

Signed:

A handwritten signature in dark ink, appearing to read "Bruce Simon".

Bruce Simon, Chair

Carried by: Rep. Ewer

Committee Vote:
Yes 17, No 0.

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S.S.
3-10-97

HOUSE OF REPRESENTATIVES

BUSINESS AND LABOR COMMITTEE

ROLL CALL

DATE 3/10/97

NAME	PRESENT	ABSENT	EXCUSED
Bruce Simon, Chairman	X		
Paul Sliter Vice Chairman	X		X
Bob Pavlovich, Vice Chairman	X		
Joe Barnett	X		
Rod Bitney	X		
Sylvia Bookout	X		
Charles Devaney	X		
David Ewer	X		
Kim Gillan	X		
Billie Krenzler	X		
Bob Lawson	X		
Rod Marshall	X		
Gay Ann Masolo	X		
Wes Prouse			
Carolyn Squires	X		
Jay Stovall	X		
Cliff Trexler	X		
Joe Tropila	X		
Carley Tuss	X		

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Business & Labor

COMMITTEE

BILL NO.

SB 233
SB 606DATE 3/10/97 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Ellen Feaver	Anderson Gun Mfg Co	SB 606		✓
Doni Judge	MT STATE AFL-CIO	SB 233	X	
JOE DWYER	TEAMSTERS 190	SB 233	X	
Claudia Clifford	State Auditors	606	SB	X
Joyce Brown	Dept. of Admin	606		X
LANCE MELTON	MSBA	606/233		X
Doni Waldron	MT KEA	233		✓
Paul Wilkin	MIIRA	309		✓
Bill Stevenson	MT Food & Drug Assn	67		✓
Phil Campbell	MEA	SB 606		✓
Shack Ha				

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.